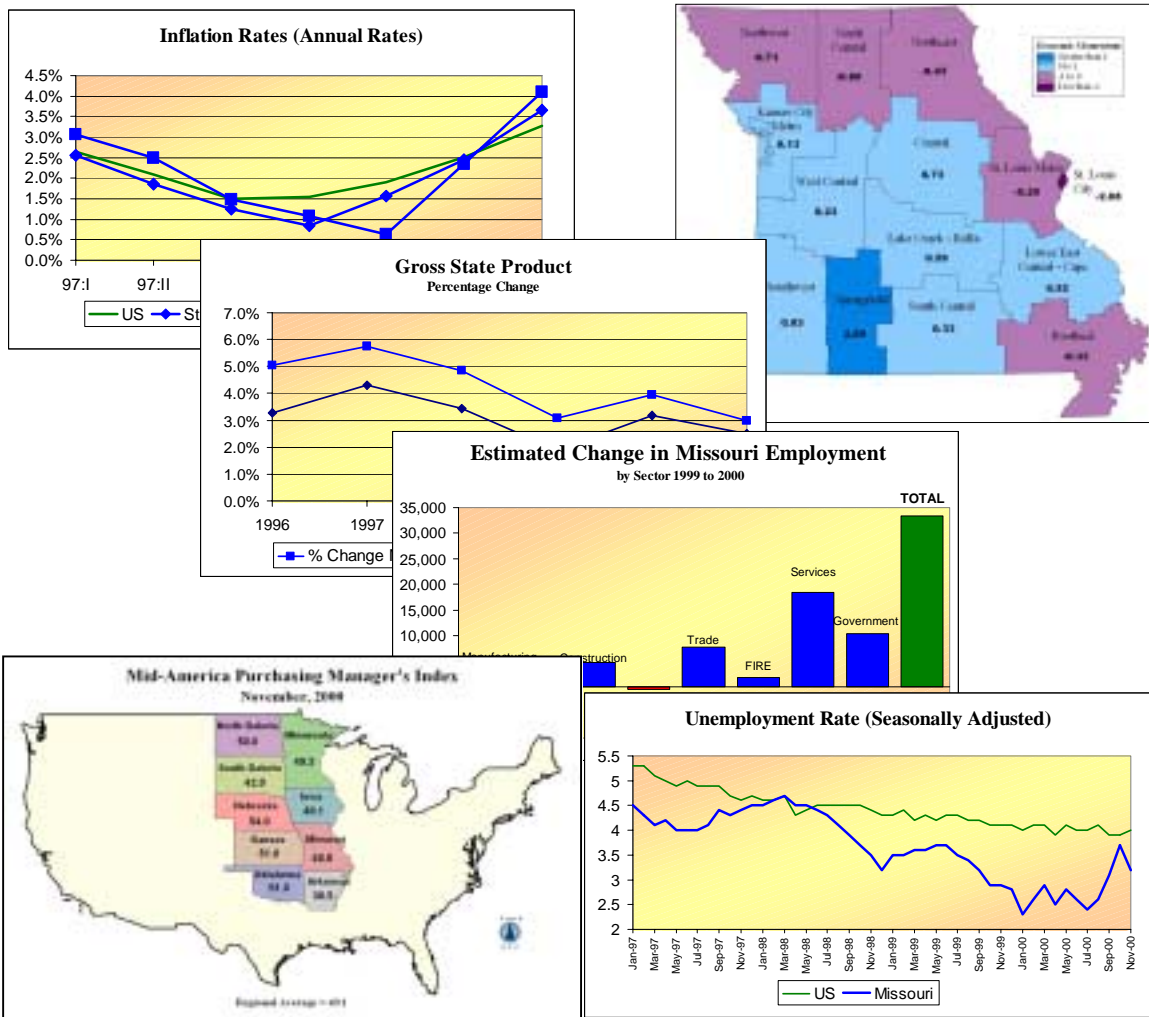


2000

Economic Overview

For Missouri



2000 Economic Overview for Missouri

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I. Overview

Missouri's economy continued its expansion throughout 2000. Unemployment continued to remain at record low levels. Personal income and total state production saw moderate growth. Missouri exports continued their rebound from the sluggish trade of 1998. Inflation rates, however, began to rise from their low levels of 1999.

Most indicators point to continued but slower growth in 2001. Missouri's economy will be affected by national and international trends such as changes in consumer spending, bullish or bearish stock markets, efforts by the Federal Reserve to control inflation, and fluctuations in foreign markets.

To help ensure economic success, the state needs to continue addressing three issues: (1) the importance of technology for a healthy economy, (2) the need for increased productivity, and (3) the need to continue addressing regional differences.

II. International Economy

The United States enjoyed the most robust economy of any developed nation during 2000. For instance, the US is projected to have the fastest growth in GDP in 2000 at 5.2%. GDP growth in the last three months of 2000, however, was only 2.4%, decreasing roughly by half since a year ago when it was 5.3%. This has prompted talk of a possible "growth recession" in the US during 2001 (see "National Outlook").

World Economies									
	GDP		GDP Forecast		Industrial Production		Retail Sales	Unemployment Rate	
	(pct annual change)		(pct annual change)		(pct annual change)		(pct annual change)	(percent)	
	3 Months	1 Year	2000	2001	3 Months	1 Year	1 Year	Latest	1 Year
Australia	2.6	4.2	4.5	3.5	1.5	5.7	-0.8	6.6	6.7
Austria	3.2	3.8	3.4	2.7	-	6.8	-1.0	3.1	3.6
Belgium	1.2	4.4	3.9	3.0	-	2.0	6.9	10.7	11.3
Canada	4.8	5.0	4.8	3.2	3.5	4.3	4.6	6.9	6.9
Denmark	4.5	3.6	2.5	2.3	-	2.6	0.2	5.5	5.4
France	2.7	3.1	3.3	3.0	5.4	3.4	-1.9	9.4	11.0
Germany	2.3	2.8	3.1	2.8	5.2	4.1	-1.7	9.3	10.4
Italy	2.1	2.4	2.7	2.4	0.2	1.2	0.3	10.5	11.4
Japan	1.0	1.4	2.0	1.9	6.5	6.6	-1.4	4.7	4.6
Netherlands	3.2	3.4	4.1	3.5	-1.1	-0.3	1.0	2.6	3.1
Spain	3.5	3.9	4.0	3.4	2.2	-0.1	-	13.6	15.1
Sweden	4.9	4.3	4.1	3.6	-	10.0	6.6	4.0	5.2
Switzerland	2.0	3.6	3.4	2.5	-	8.2	-2.4	1.8	2.4
United Kingdom	2.8	2.9	3.0	2.6	0.5	0.6	4.7	5.5	5.9
United States	2.4	5.3	5.2	3.0	3.3	5.2	6.0	4.0	4.1
Euro-11	2.8	3.4	3.4	2.9	4.1	5.6	3.3	8.9	9.7

During the next year, both total world output and world trade are expected to slow moderately. The Canadian economy closely mirrors that of the US, and will be affected by the anticipated cooling of the US economy. The European economy is expected to realize moderate to strong growth. Mexico and other Latin American countries will benefit from rising oil prices, but may be held back by a cooling US economy. East Asian countries will see strong growth rates due to their continued recovery from the 1998 financial crisis. However, Japan is mired in recession, and has little hope for strong growth during 2001.

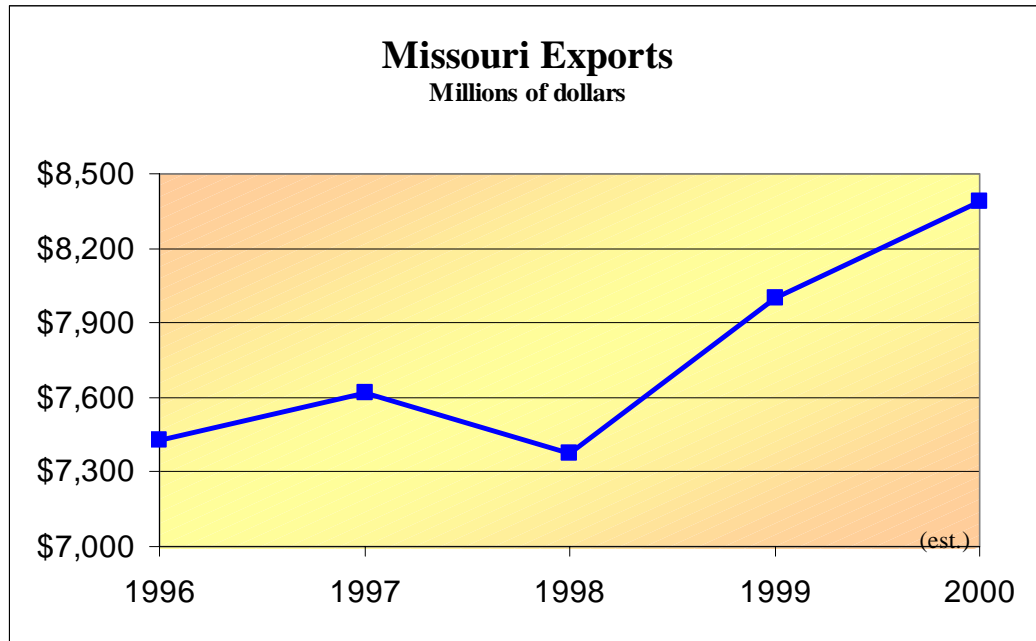
Missouri Exports

Preliminary figures show that Missouri exported an estimated \$8.4 billion worth of goods and services in 2000. This represents an increase of 4.8% from the 1999 total of \$8.0 billion. The increase was primarily due to the continued recovery of Asian markets.

Missouri's two largest export sectors continue to be chemicals and agricultural products. Industrial machinery, food products, electronic equipment, and transportation equipment are other large exporting sectors. Missouri's major export markets, a set of eighteen countries referred to as the "\$100 Million Club", include Canada (\$1.7B), Mexico (\$1.4B), Belgium (\$420M), the UK (\$370M), Japan (\$330M), Germany (\$230M), Brazil (\$200M), Argentina (\$190M), Australia (\$170M), Finland (\$170M), China (\$170M), Taiwan (\$150M), Singapore (\$140M), South Korea (\$140M), Jamaica (\$130M), Italy (\$130M), the Netherlands (\$110M), and Spain (\$110M).



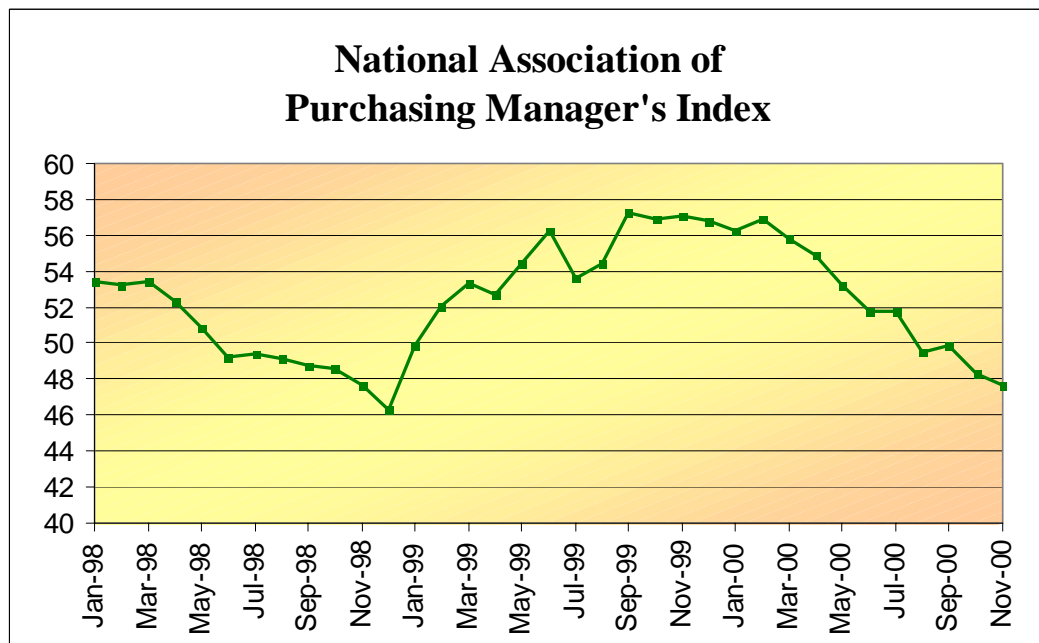
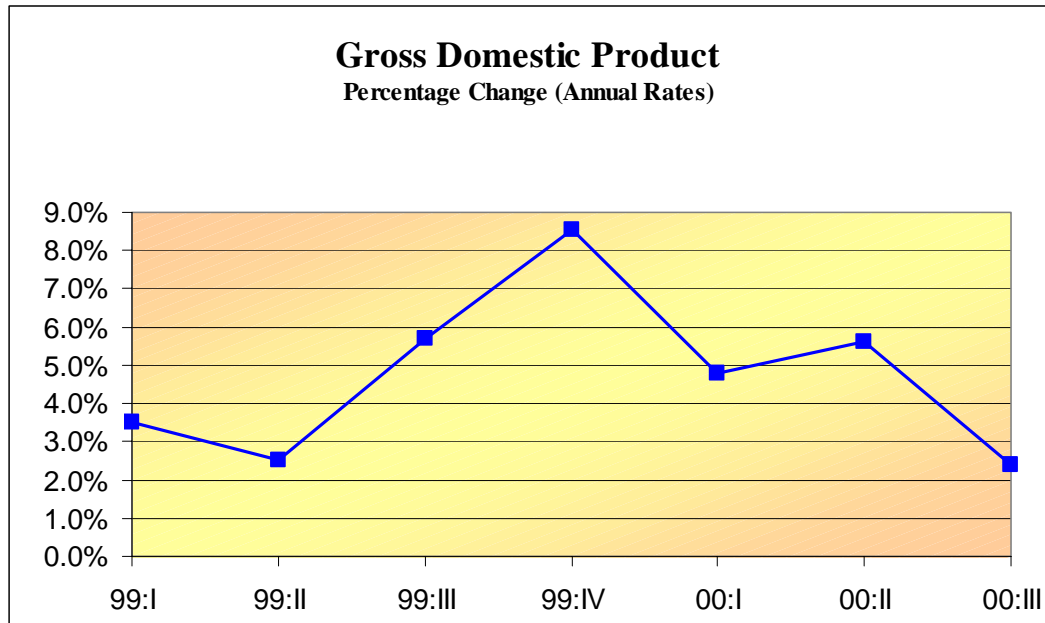
Exports from Missouri should continue to rebound in 2001 as European economies continue their strong growth and Asian economies continue to rebound. However, should the economies of Canada and Mexico sputter due to a slowdown in the US or should Japan sink further into the throes of recession, Missouri exports could decrease.



Sources: National statistics offices, central banks and stock exchanges; Thomson Financial Datastream; EIU; Reuters; Warburg Dillon Read; J.P Morgan; Hong Kong Monetary Authority; Centre for Monitoring Indian Economy; FIEL; EFG-Hermes; Bank Leumi Le-Israel; Standard Bank Group; Garanti Bank; Deutsche Bank; Russian Economic Trends. Compiled by *The Economist*, 14 December 2000; Federal Reserve Board, Massachusetts Institute for Social and Economic Research, Federal Reserve Bank of St. Louis

III. National Economy

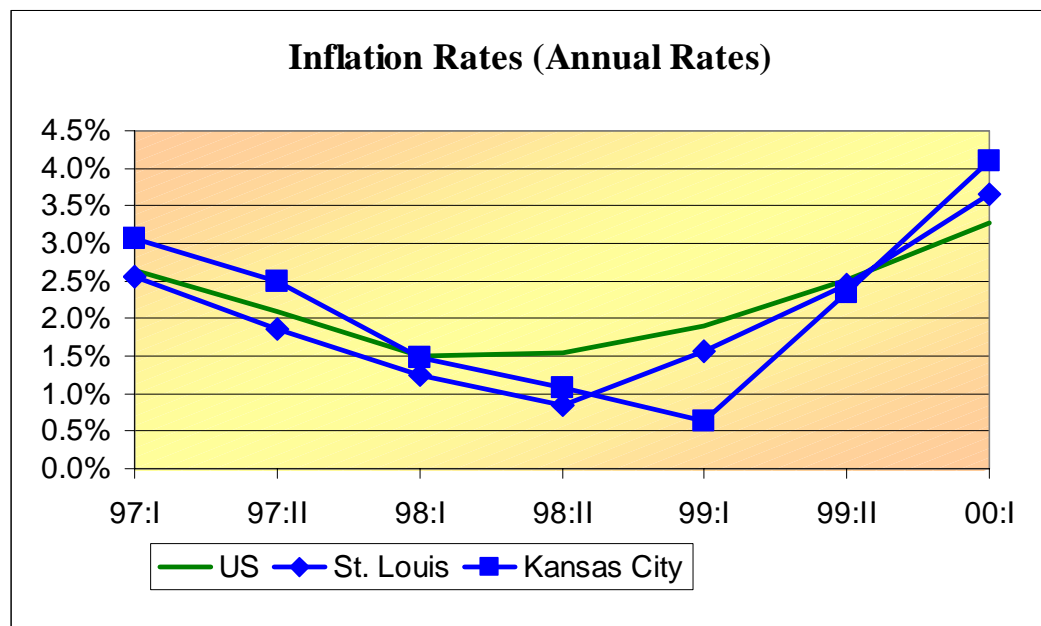
America's ten-year economic expansion, the longest in its history, is clearly slowing. In the third quarter of 2000, America's GDP growth fell to 2.4%, its lowest in four years. The main question is whether the economy will make a soft or hard landing. A soft landing implies annual GDP growth of roughly 2-3%, and a hard landing implies a true recession in the US economy. A recession is defined as two or more consecutive quarters of negative growth. The latest GDP estimates are predicting only slower growth, not negative growth. This potential cooling, but not stagnation, of the economy in 2001 has recently been dubbed a "growth recession" in which the economy realizes two or more consecutive quarters of growth under 2.0%.



Further evidence of an economic slowdown is demonstrated by the decline in the National Association of Purchasing Managers' Index (PMI). The index is a gauge of manufacturing activity within the US and considers changes in new orders, production, supplier delivery times, backlogs, inventories, prices, employment, export orders, and import orders. The overall index ranges between 0 percent and 100 percent. An index number greater than 50 percent indicates an expansionary economy, and an index under 50 percent forecasts a sluggish economy for the

next three to six months. The US Index has fallen each month since February. The current level of 47.7 indicates a slow but not necessarily drastic cooling of the economy.

Inflation as measured by the Consumer Price Index (CPI) was an estimated 3.3% nationally during the first half of 2000, and is estimated to be 3.4% for the entire year. The rise in inflation from 1999 is due mostly to the steep rise in energy prices during the past twelve months. The anticipated sharp increase in inflation sparked action by the US Federal Reserve, which raised interest rates six times between June 1999 and May 2000. Preliminary estimates by economists indicate that these actions have tempered the fast-growing economy (see Gross State Product), and will thus hold inflation in check during 2000.



The Federal Reserve, in recent action, has shifted its focus away from guarding against accelerating inflation toward protecting against excessive economic weakness. All indications point toward a reduction in interest rates, possibly two, early in 2001. According to the Federal Open Market Committee, the policy-making arm of the Federal Reserve, the "...drag on demand and profits from rising energy costs, as well as eroding consumer confidence, reports of substantial shortfalls in sales and earnings, and stress in some segments of the financial markets suggest that economic growth may be slowing further."

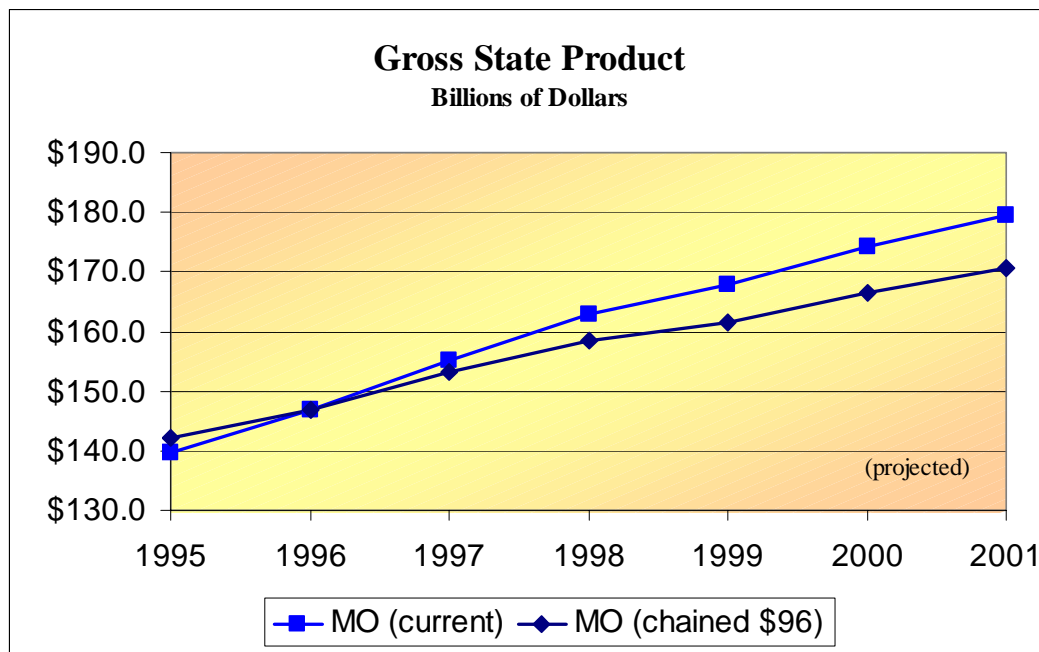
Inflation rates in St. Louis and Kansas City mirror that of the nation as a whole, though they experience higher volatility than the national rate. For the first half of 2000 rates are slightly higher in these areas.

Sources:
United States Bureau of Labor Statistics, Associated Press, US Bureau of Economic Analysis, CNN, Economy.com,
Creighton University

IV. Missouri Economy

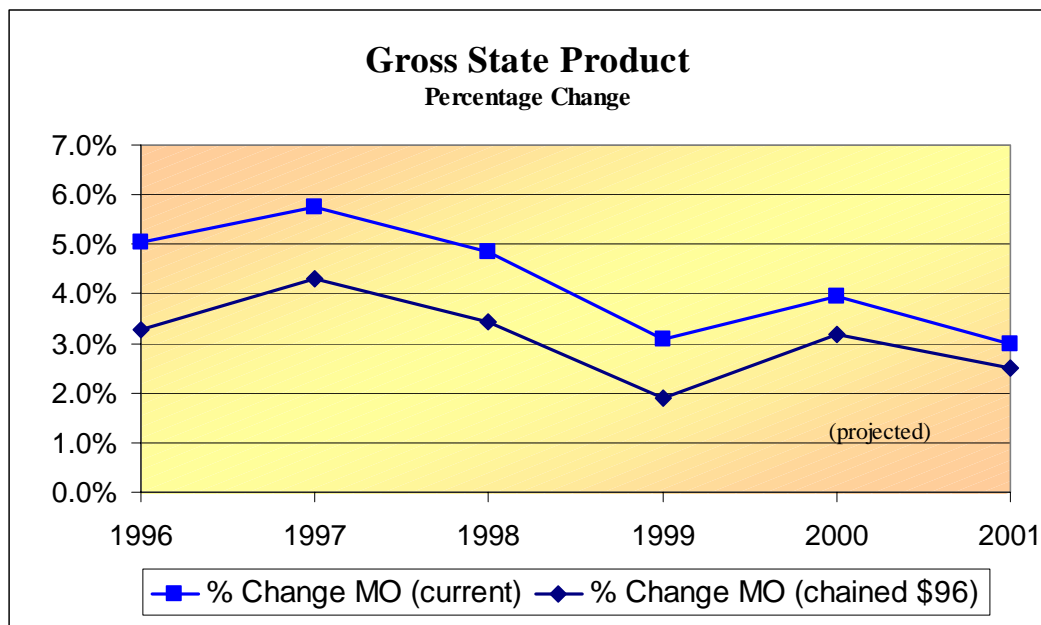
A. Gross State Product

Missouri's Gross State Product grew from an estimated \$161.4 billion in 1999 to a projected \$166.5 billion in 2000 (chained \$96), an increase of 3.2%. The nation's Gross Domestic Product also saw a projected increase of 5.2% during this time.



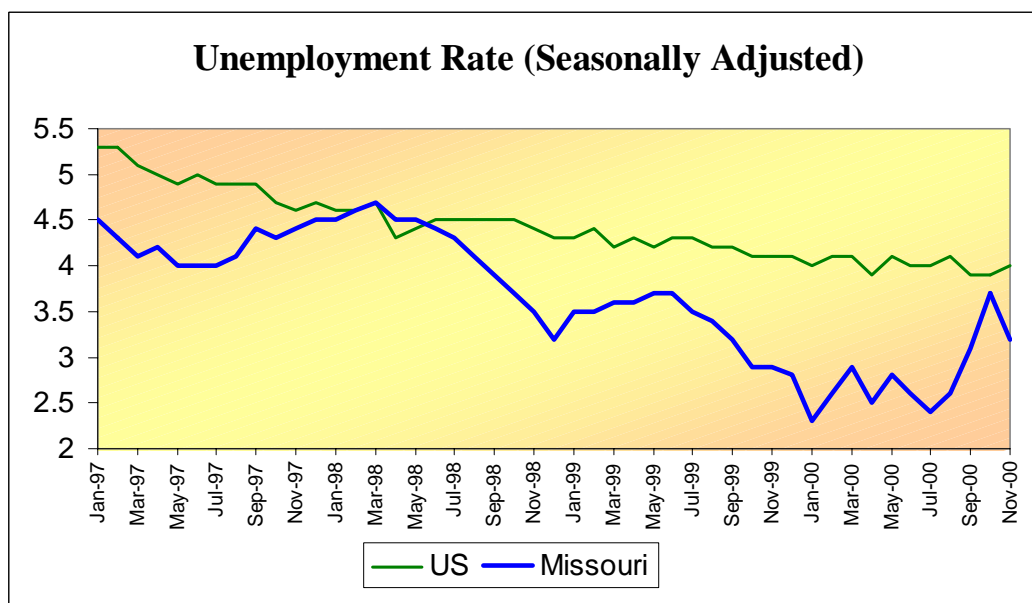
The year 2001 should bring a slower growth rate in GSP for the state. Growth in Missouri's GSP of Missouri generally follows trends in the GDP. Recent trends in GDP indicate that growth is slowing and will continue at a slower pace, roughly 2-3% through the next year.

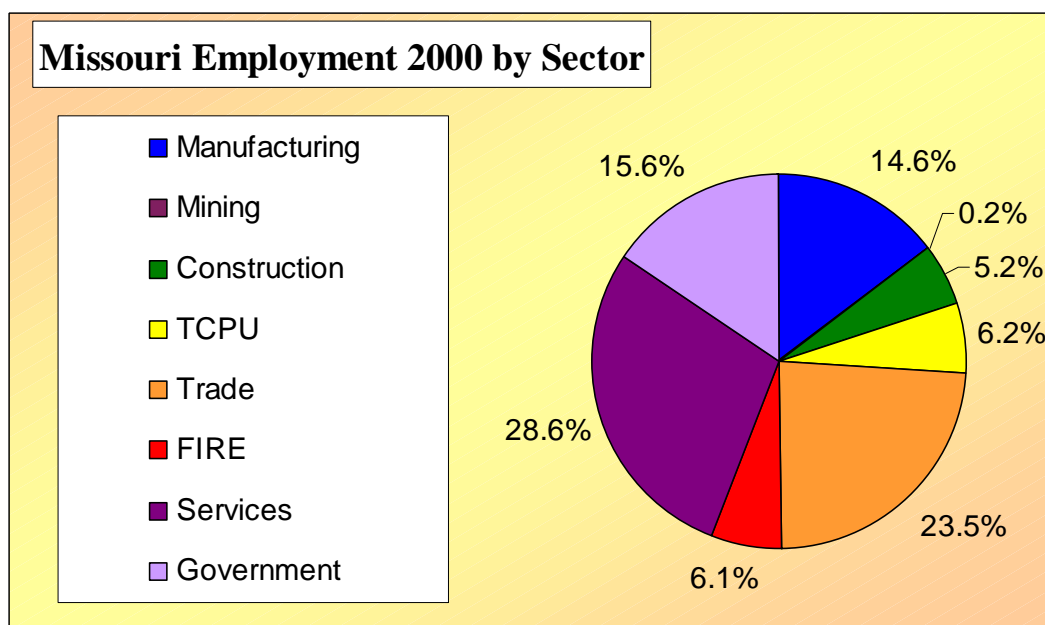
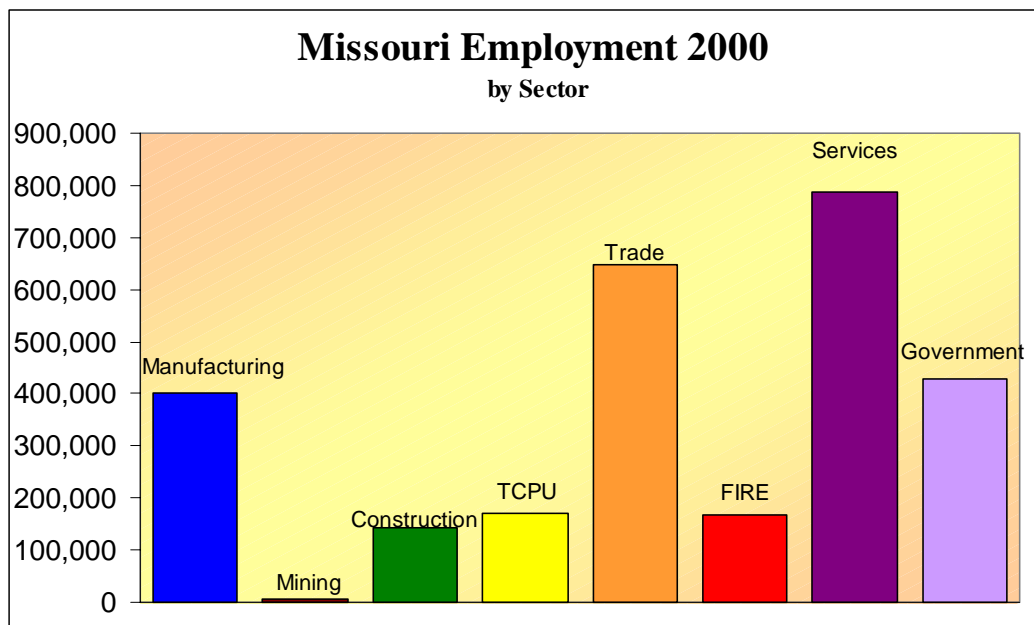
Source:
United States Bureau of Economic Analysis, RAP



B. Employment

Missouri's labor market remained strong during 2000. The state's average unemployment rate for the year is projected to be 2.8%, although the rate is rising after extremely low levels at the beginning of the year. The state's average has remained much lower than the nation's estimated average of 4.0% for the year. Missouri's unemployment rate is expected to remain in the 3-5% range in 2001. The outlook is the same for the metropolitan areas.

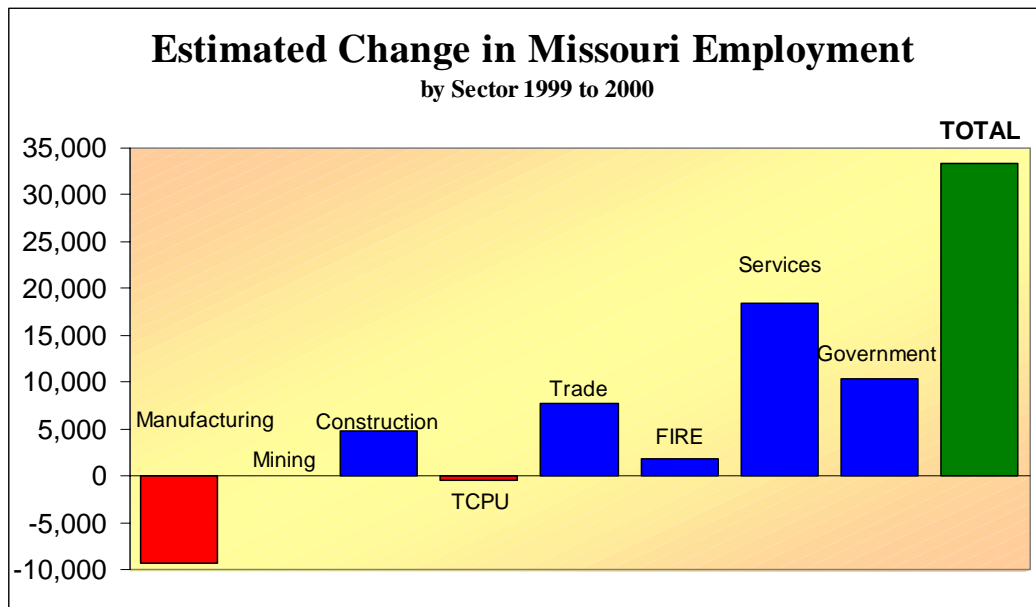




Missouri's total employment during 2000 was estimated at 2,748,870. Most of these individuals were employed in the Services (787,200), Trade (646,120), Government (428,040), or Manufacturing (402,130) sectors. Missouri enjoyed a small amount of growth in non-farm employment in 2000. Preliminary Current Employment Statistics data indicates a growth of about 33,430 total jobs, an increase of 1.2%. This compares to a growth of 41,100 jobs in 1999. The smaller

growth in employment is due primarily to low unemployment levels and a decline of jobs in the Manufacturing sector.

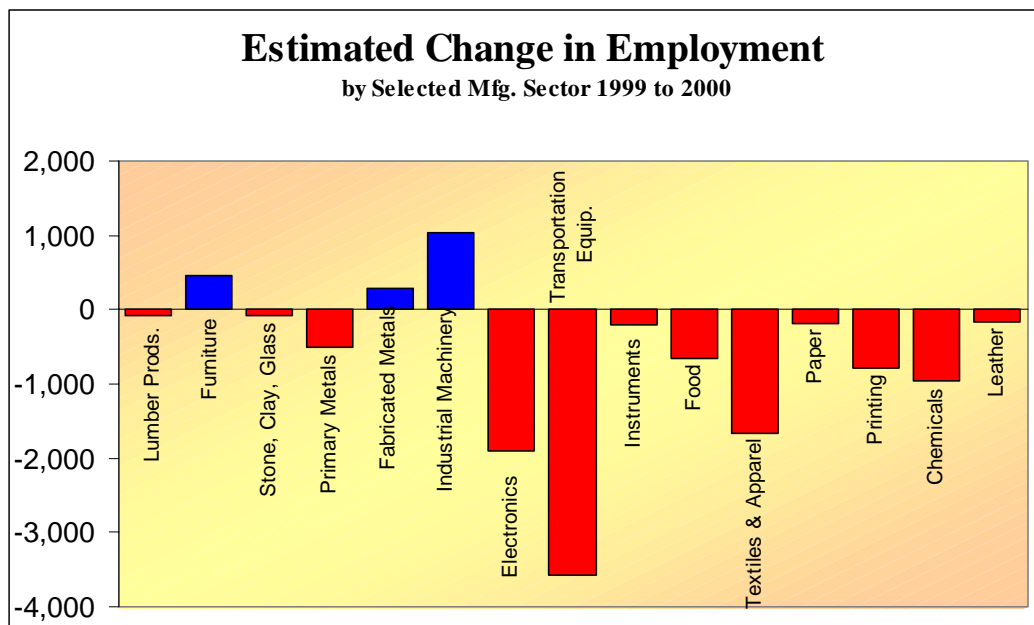
The sectors seeing the biggest growth in employment during 2000 were Services, Government, and Trade. The Services sector gained about 18,000 jobs, and the Government and Trade sectors gained about 10,000 and 7,000 jobs respectively. Large portions of the new jobs in government were at the local level. Construction, Finance, Insurance, and Real Estate (FIRE) and Mining sectors also saw increases. The Transportation, Communications, and Public Utilities (TCPU) sector lost about 400 jobs.



The manufacturing sector, however, took the biggest loss during 2000, realizing a decrease of about 9,300 jobs. The largest portion of these declines come from the Transportation Equipment (-3,580), Electronics (-1,900) and combined Textiles and Apparel sectors (-1,660). (see chart on next page)

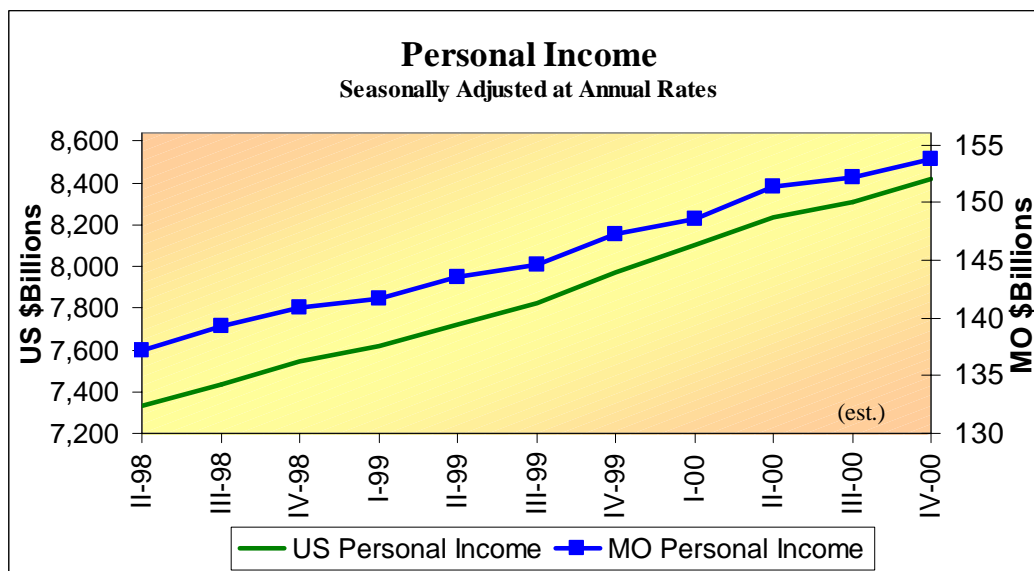
The growth trend in non-farm employment should continue during 2001, but at a slightly slower pace. Construction, Services, and the FIRE sectors should see continued healthy gains, while the loss in Manufacturing jobs will likely continue through the year.

Sources:
Missouri Department of Economic Development, Current Employment Statistics
United States Bureau of Labor Statistics
Missouri Economic Indicators B&PA Research Center University of Missouri-Columbia.



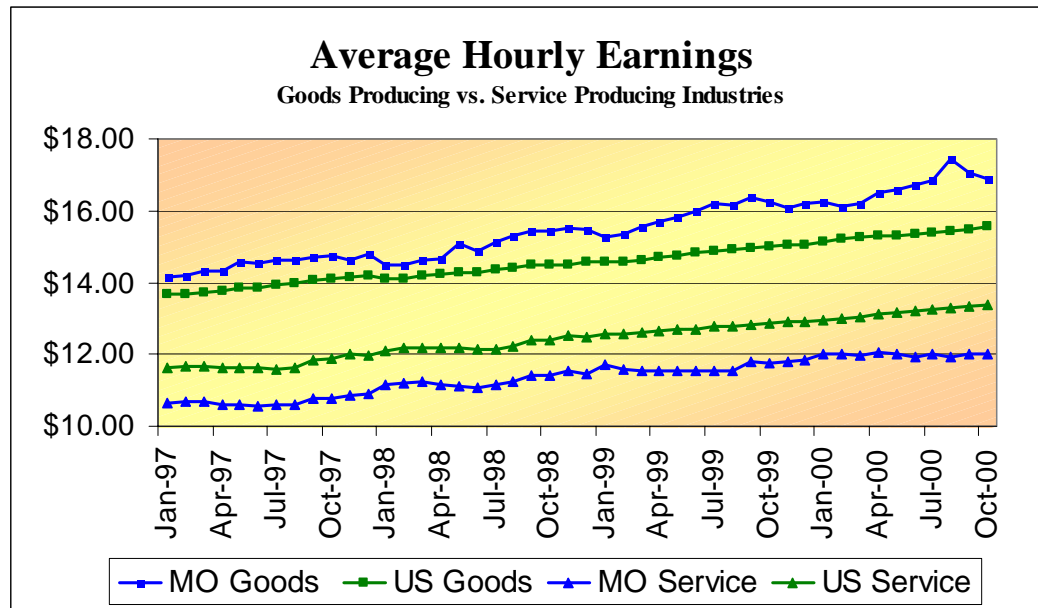
C. Income

Missouri's personal income grew by an estimated 3.9% during 2000 to \$149.9 billion, up from \$144.2 billion in 1999. The nation's personal income grew by an estimated 5.0%.



Wages also increased at a healthy pace during 2000. Preliminary establishment data indicates growth of 2.4% over the last twelve months, compared to 3.9% during 1999. Some disparity remains, however, between wages in the service

producing sectors and the goods producing sectors, with wages in goods producing jobs being significantly higher.



Personal income is expected to continue growing at about 3.4% during 2001. Wages will also see good growth, due mainly to the continued tight labor market. In general, Missourians should see another year of sound income growth.

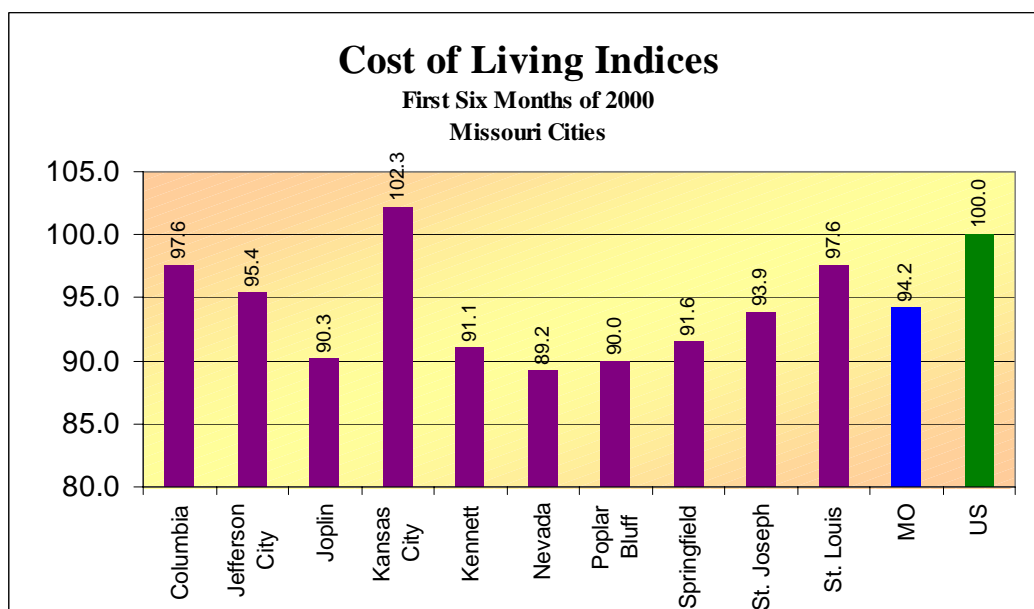
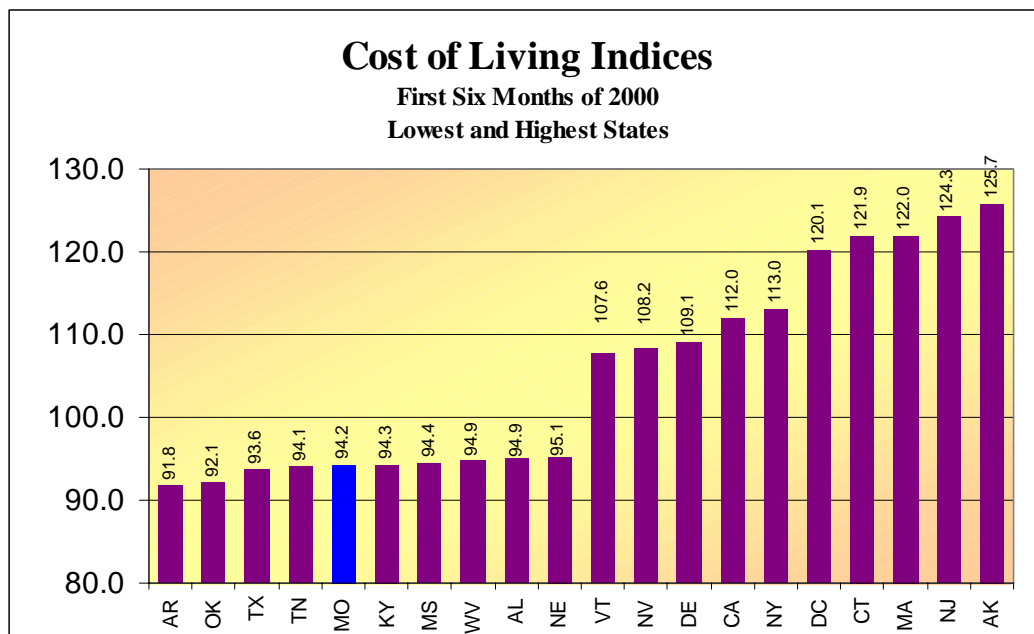
Sources:
United States Bureau of Labor Statistics, United States Bureau of Economic Analysis, *Missouri Economic Indicators*
B&PA Research Center at the University of Missouri-Columbia.

D. Cost of Living

During the first half of 2000, Missouri had a cost of living index of 94.2. This means, on average, prices in Missouri are about 94% of what they are at the national level. This figure places Missouri fifth lowest among 46 participating states. In general, the state has exceptionally low prices in the areas of groceries, housing, and utilities. While having slightly higher relative prices in the areas of health care, transportation, and other miscellaneous goods, these costs are still well below the national average.

Among Missouri cities, Kansas City, St. Louis, and Columbia have the highest relative prices, while Nevada, Poplar Bluff, and Joplin have the lowest.

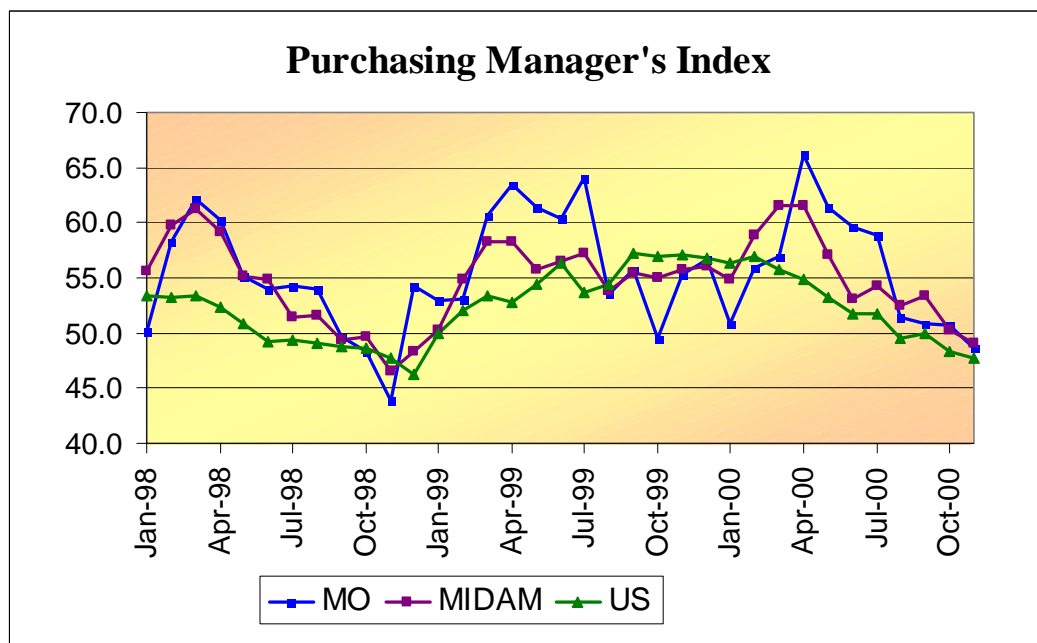
Sources:
ACCRA, RAP



E. Missouri and Mid-America Purchasing Manager's Index

The Purchasing Manager's Index (PMI) for Missouri further reflects a potential cooling in Missouri's economy. The Missouri Index is a gauge of manufacturing activity within the state, and the Mid-America Index is a gauge within a nine-state region including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, and South Dakota. Like the National PMI, these two indices

consider changes in new orders, production, supplier delivery times, backlogs, inventories, prices, employment, export orders, and import orders. The overall indices range between 0 percent and 100 percent. An index greater than 50 percent indicates an expansionary economy, and an index under 50 percent forecasts a sluggish economy for the next three to six months.



Through April of this year, the Missouri Index was well over 50 (66.1), indicating a flurry of manufacturing activity, even higher than the healthy 61.5 Index for the Mid-America Region. However, toward the end of 2000, the Missouri Index, as well as the Mid-America Index, mirrored the National PMI's downward trend. This points to a probable cooling, though not a complete shutdown, of both Missouri's economy and the economies of Missouri's neighbors.

V. Outlook for 2001

What will the next year bring for the economy in Missouri? Most indicators point to modest but steady growth:

- Missouri's unemployment rate should remain low in 2001, remaining in the 3-5% range. The growth trend in non-farm employment should continue during 2001. Construction, Services, and the FIRE sectors should see continued healthy gains. The loss in Manufacturing jobs will continue.
- Personal income is expected to continue growing at about 3.4% during 2001. Wages will also see good growth due to the tight labor market. In general, Missouri should see another year of sound income growth.
- The year 2001 should bring a growth rate in GSP below 2000 levels.
- Missouri's Cost of Living remained well below national levels in 2000, and should continue to do so through 2001.
- Exports from Missouri should continue to grow in 2001.

VI. Considerations for the Future

Several essential factors must be addressed for Missouri to continue realizing economic success in 2001. These include the importance of technology for a healthy state economy, the need for increased productivity, and the need to continue addressing regional differences.

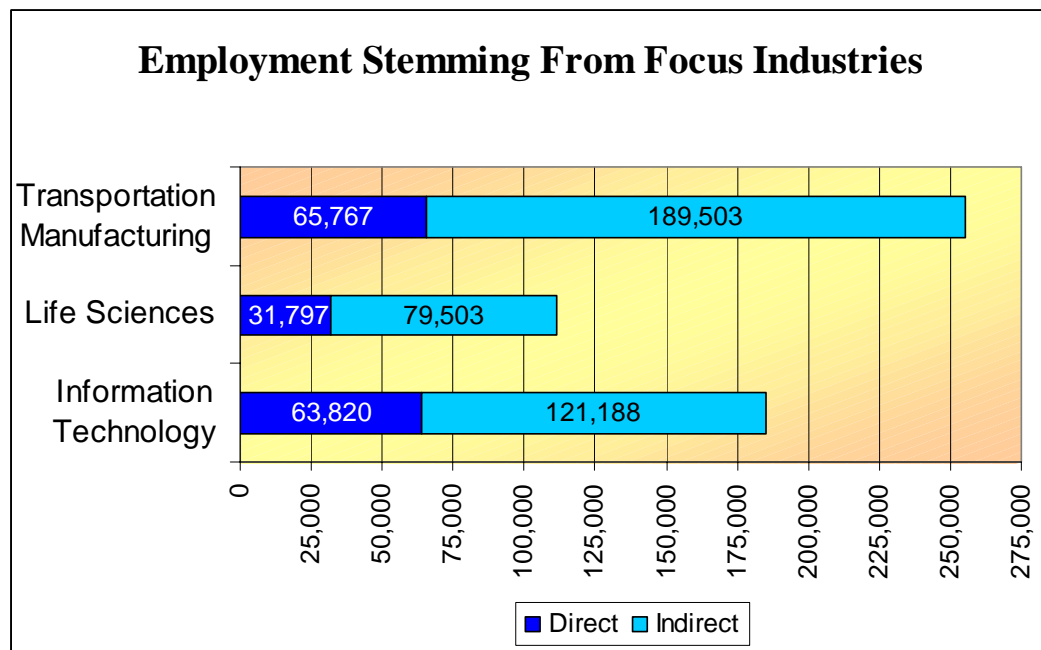
A. Importance of Technology

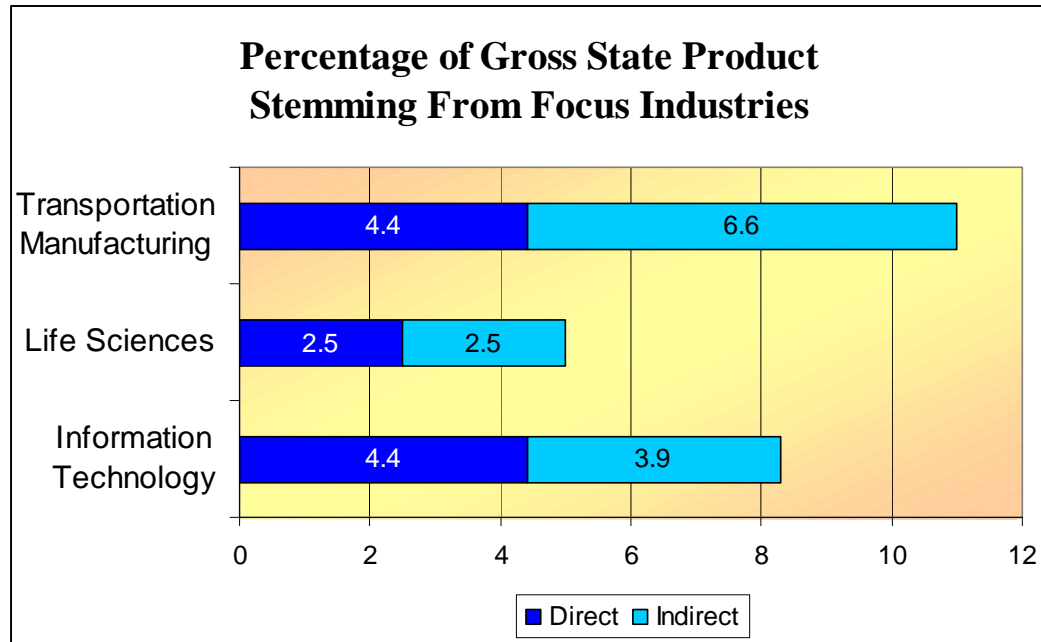
The ability to develop knowledge-based, high technology industries is becoming increasingly important to Missouri's economic success. Missouri must continue attracting companies that can produce new technology and that know how to organize themselves around the latest innovations. Recent technological advances, particularly in information technology, are changing the way industries do business and create economic value. Developments in "life science" industries

such as biotechnology and pharmaceuticals have made these industries leaders in the application of new technology. These industries will have increasing importance to Missouri's economy. Finally, manufacturing industries that have historically used advances in technology and efficiency, such as transportation equipment production, will continue to make a significant contribution.

Information technology, life sciences, and transportation manufacturing already comprise a significant portion of Missouri's economic activity. For instance, information technology directly employs 63,820 people, life sciences employs 31,797 people, and transportation manufacturing employs 65,767. Together, these three industries employ 161,384 individuals, or about 5.9% of Missouri's total employment. Further, these three industries contribute indirectly to the employment of many other individuals.

In addition, information technology, life sciences, and transportation manufacturing comprise a significant portion of Missouri's GSP. Life sciences contribute 2.5%, and both information technology and transportation manufacturing comprise 4.4% of GSP. Together, these three industries directly contribute 11.3% of Missouri's total GSP. The indirect employment mentioned above makes further contributions.





B. Increased Productivity

To acquire and use these new technologies with the greatest efficiency, productivity must be increased. Increased productivity leads to higher wages, which is the key to improving Missouri's standard of living. Increased productivity also keeps business costs down. Cooperative efforts must be made among government agencies, high schools and universities, and local economic development agencies to create a workforce in Missouri that is highly educated and efficient and thus more productive.

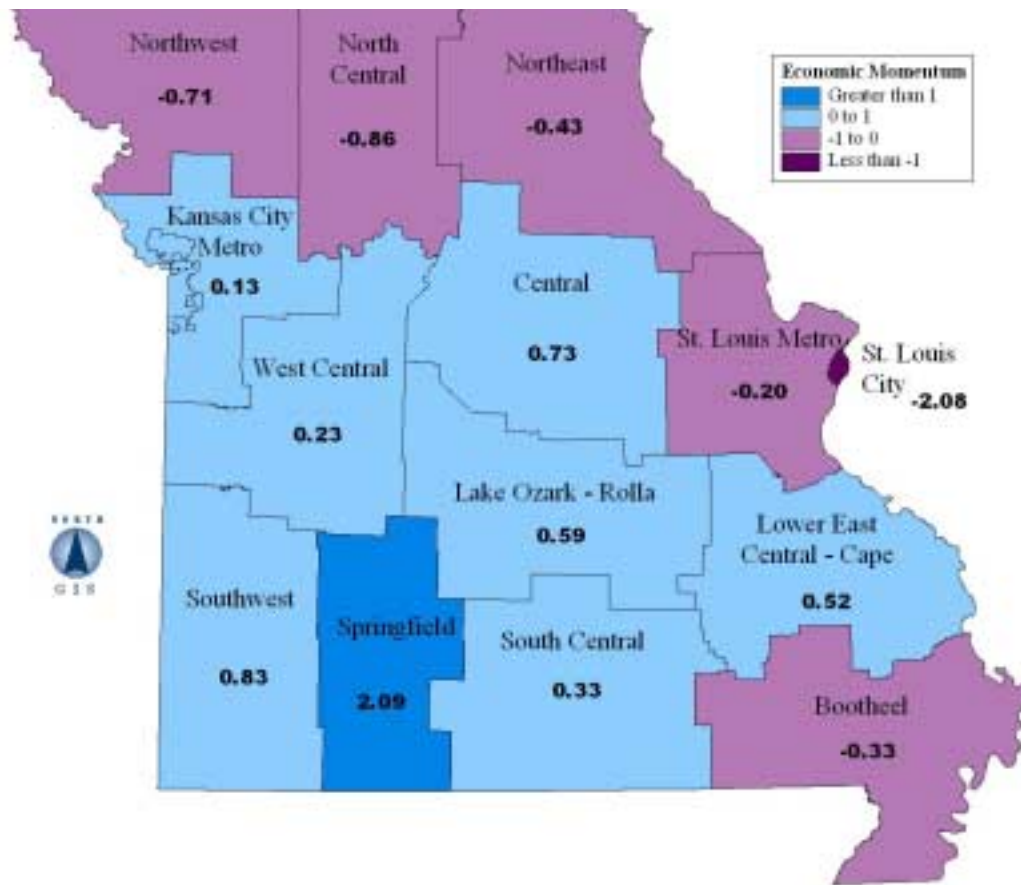
In certain technology-based industries, Missouri's workers are already among the most productive in the nation. Research and Planning has developed an Index of Employee Productivity, which measures the productivity of workers within an industry in Missouri relative to the productivity of workers across the entire nation. Transportation Equipment Mfg. employees in Missouri are the seventh most productive in the nation, 22% more productive than the national average. Further, Missouri Chemical Mfg. employees, important contributors to the life sciences industries, are the eleventh most productive in the nation. In contrast, Missouri's Communications and Business Services employees, the categories that encompass much of the information technology field, rank only eighteenth and twenty-first, respectively, among the states.

C. Regional Differences

Finally, for Missouri to be successful, regional differences must continue to be addressed. While the state as a whole has seen much economic growth, some rural areas and some urban cores have lagged.

Index of Regional Economic Momentum

Updated December 11, 2000



Research and Planning has developed an Index of Regional Economic Momentum to measure the economic gains enjoyed by each of Missouri's regions between 1990 and 1999. The Index measures momentum in a region relative to the overall economic momentum of the state by considering growth in employment, population, and personal income. An Index = 0 means the region realized average economic growth during the decade. An Index less than zero indicates sluggish growth, while an Index greater than zero indicates prosperous growth. The Regional Index clearly indicates that the Springfield Region has the most Economic Momentum in Missouri. Growth in Stone, Taney, and Christian counties far outpaced the economic growth in other areas. The Southwest,

Central, and Lake Ozark -Rolla Regions also enjoyed relatively prosperous growth during the past decade.

Suburban areas such as St. Charles, Lincoln, Warren, Cass, and Platte Counties gained significant momentum as well, but the struggling urban core of St. Louis cooled the overall growth of the St. Louis Metro Region. A similar effect is also seen in the Kansas City Metro Region.

The Index also indicates several areas that gained little or no momentum during the past ten years. The entire Northern section of Missouri, as well as the Bootheel of Missouri, struggled during this time.

It is encouraging to note, however, that all areas have seen gains in recent years regarding total employment and income. The best chance each of Missouri's regions has for success is through continued cooperation and stronger partnerships among regional economic development agencies and appropriate government entities. The appendix that follows contains specific information about each of Missouri's economic regions.

The forecast looks promising for Missouri's economy in 2001, but growth will be somewhat slower than in 2000. Addressing the issues discussed above will only help to ensure the continued economic success of Missouri.

VII. Regional Profiles Appendix



Bootheel Region

The economy of the Bootheel Region generally lags behind the economy of Missouri as a whole. There has been a varied amount of economic growth in this region during the last ten years, with in the western half of the region seeing good progress, while areas in the eastern half of this region struggling. The population growth since 1990 in the Bootheel Region was only 1.8%, compared to 6.7% for the state. The poverty rate for this area is 24.9%, the highest rate among the state's regions. The state's poverty rate is 12.4%. The unemployment rate during 1999 for the Bootheel Region was 4.9%, much higher than the state's rate of 3.4%. On the bright side, the growth in personal income and per capita income in the Bootheel Region over the past decade has matched the growth of the state as a whole. However, per capita income in the region was only \$17,844 during 1998, compared with \$25,150 for the state.



Central Region

The economy of the Central Region is in many cases well ahead of the economy of Missouri as a whole. There has been a good amount economic growth in this region during the last ten years, with Boone County leading the way. The population growth since 1990 in the Central Region was 9.7%, compared to 6.7% for the state. The poverty rate for this area is 9.8%. This compares with 12.4% for the state as a whole. The unemployment rate during 1999 for the Central Region was a phenomenal 2.2%, much lower than the state's rate of 3.4% and in fact the lowest of any region. Growth in personal income and per capita income in the Central Region over the past decade has surpassed the growth for the state as a whole. However, per capita income in the region was only \$23,347 during 1998, compared with \$25,150 for the state.



Kansas City Metro Region

The economy of the Kansas City Metro Region generally keeps pace with the economy of Missouri as a whole. There has been a varied amount of economic growth in this region during the last ten years, with Cass and Platte Counties seeing good progress, while urban areas in Jackson County are growing at a slower pace. The population growth since 1990 in the Kansas City Metro Region was 8.7%, compared to 6.7% for the state. The poverty rate for this area is 10.4%. This compares with 12.4% for the state as a whole. The unemployment rate during 1999 for the Kansas City Metro Region was 3.1%, slightly lower than the state's rate of 3.4%. The growth in personal income and per capita income in the Kansas City Metro Region over the past decade is nearly equivalent to the growth of the state as a whole. However, per capita income in the region was \$26,073 during 1998, slightly more than the state average of \$25,150.



Lake Ozark - Rolla Region

The economy of the Lake Ozark-Rolla Region is generally outpacing the economy of Missouri as a whole. There has been a varied amount of economic growth in this region during the last ten years, with areas near the Lake of the Ozarks seeing good progress, while Pulaski County is struggling. The population growth since 1990 in the Lake Ozark-Rolla Region was 9.9%, compared to 6.7% for the state. The poverty rate for this area is 14.1%. This compares with 12.4% for the state as a whole. The unemployment rate during 1999 for the Lake Ozark-Rolla Region was 4.5%, much higher than the state's rate of 3.4%. This could be due to the many seasonal jobs sparked by the booming tourist industry in this region. The growth in personal income and per capita income in the Lake Ozark-Rolla Region over the past decade has matched the growth of the state as a whole. However, per capita income in the region was only \$19,269 during 1998, compared with \$25,150 for the state.



Lower East Central – Cape Region

The economy of the Lower East Central-Cape Region generally outpaces the economy of Missouri as a whole. There has been a varied amount of economic growth in this region during the last ten years, with areas in the northern half of the region seeing good progress, while areas in the southern half are growing at a subdued pace. The population growth since 1990 in the Lower East Central-Cape Region was 9.4%, compared to 6.7% for the state. The poverty rate for this area is 14.2%. This compares with 12.4% for the state as a whole. The unemployment rate during 1999 for the Lower East Central-Cape Region was 4.2%, considerably higher than the state's rate of 3.4%. The growth in personal income and per capita income in the Lower East Central-Cape Region over the past decade has matched the growth of the state as a whole. However, per capita income in the region was only \$18,970 during 1998, compared with \$25,150 for the state.



North Central Region

The economy of the North Central Region generally lags far behind the economy of Missouri as a whole. There has been a varied amount of economic growth in this region during the last ten years. Sullivan County has seen much progress, while farming counties such as Carroll, Chariton, and Mercer have struggled considerably. The population has declined 2.1% in the North Central Region since 1999, while the state's population has grown 6.7%. The poverty rate for this area is 16.2%. This compares with 12.4% for the state as a whole. The unemployment rate during 1999 for the North Central Region was 3.6%, nearly matching the state's average of 3.4%. The growth in personal income and per capita income in the North Central Region over the past decade is below the growth of the state as a whole, and in fact dropped between 1997 and 1998. Per capita income in the region was only \$19,352 during 1998, compared with \$25,150 for the state.



Northeast Region

The economy of the Northeast Region is generally behind the economy of Missouri as a whole. There has been a varied amount of economic growth in this region during the last ten years. Ralls County has seen good progress, while the northern half of this region has experienced sluggish growth. The population has grown only 0.4% in the Northeast Region since 1990, compared to 6.7% of growth for the state. The poverty rate for this area is 14.9%. This compares with 12.4% for the state as a whole. The unemployment rate during 1999 for the Northeast Region was 3.5%, nearly matching the state's average of 3.4%. The growth in personal income and per capita income in the Northeast Region over the past decade is below the growth of the state as a whole, and in fact dropped between 1997 and 1998. Per capita income in the region was only \$18,934 during 1998, compared with \$25,150 for the state.



Northwest Region

The economy of the Northwest Region generally lags behind the economy of Missouri as a whole. There has been a varied amount of economic growth in this region during the last ten years. DeKalb and Gentry Counties have seen much progress, while Atchison, Holt, and Worth Counties have languished. The population has remained nearly unchanged in the Northwest Region since 1990, compared to 6.7% of growth for the state. The poverty rate for this area is 13.9%. This compares with 12.4% for the state as a whole. The unemployment rate during 1999 for the Northwest Region was 3.0%, slightly below the state's average of 3.4%. The growth in personal income and per capita income in the Northwest Region over the past decade is below the growth of the state as a whole. Per capita income in the region was \$20,631 during 1998, compared with \$25,150 for the state.



Saint Louis Metro Region

The economy of the St. Louis Metro Region is generally trailing the economy of Missouri as a whole. However, there has been an extremely varied amount of economic growth in this region during the last ten years. The urban core has experienced the slowest growth in the state, while only the Springfield Region matches the outlying counties in growth. The population growth since 1990 in the St. Louis Metro Region was 3.1%, compared to 6.7% for the state. The poverty rate for this area is 10.7%. This compares with 12.4% for the state as a whole. However, the poverty rate in the urban core is well over 30%. The unemployment rate during 1999 for the St. Louis Metro Region was 3.3%, slightly lower than the state's rate of 3.4%. Again, the rate in the urban core is much higher, at 6.5%. The growth in personal income and per capita income in the St. Louis Metro Region over the past decade is nearly equivalent to the growth of the state as a whole. Per capita income in the region was an extremely high \$30,816 during 1998, slightly more than the \$25,150 for the state.



South Central Region

The economic growth of the South Central Region is generally keeping pace with the economic growth of Missouri as a whole, but other factors indicate that this region is still slightly behind the rest of the state. Howell County has seen substantial progress during the last ten years, while other areas have seen average or below average growth. The population has grown a considerable 11.1% in the South Central Region since 1990, compared to 6.7% growth for the state. The poverty rate for this area is 22.5%, much higher than the 12.4% for the state as a whole. The unemployment rate during 1999 for the South Central Region was 5.3%, much higher than the state's average of 3.4%. The growth in personal income and per capita income in the South Central Region over the past decade is about equal to the growth of the state as a whole. Per capita income in the region was \$15,189 during 1998, the least for any region. This compares with \$25,150 for the state.



Southwest Region

The economic growth of the Southwest Region is generally far ahead of the economic growth of Missouri as a whole. However, there has been a varied amount of economic growth in this region during the last ten years, with counties in the extreme south beating other counties in the region. The population growth since 1990 in the Southwest Region was 11.5%, compared to 6.7% for the state. The poverty rate for this area is 14.3%. This compares with 12.4% for the state as a whole. The unemployment rate during 1999 for the Southwest Region was 3.3%, nearly equivalent to the state's rate of 3.4%. The growth in personal income and per capita income in the Southwest Region over the past decade has surpassed the growth of the state as a whole. However, per capita income in the region was \$19,746 during 1998, compared to \$25,150 for the state.



Springfield Region

The economy of the Springfield Region is in many respects the engine driving the state's economic growth. All counties in this region have seen above average to phenomenal growth during the last ten years. The population has grown an outstanding 19.6% in the Springfield Region since 1990, compared to 6.7% of growth for the state. The poverty rate for this area is 11.8%, slightly lower than the 12.4% for the state as a whole. The unemployment rate during 1999 for the Springfield Region was 3.3%, nearly the same as the state's average of 3.4%. However, this figure drops lower during the summer due to the seasonal tourist boom in the southern half of the region. The growth in personal income and per capita income in the Springfield Region over the past decade is greater than the growth of the state as a whole. Per capita income in the region was a respectable \$22,451 during 1998. This compares with \$25,150 for the state.



West Central Region

The economy of the West Central Region is on pace with the economy of Missouri as a whole. There has been a varied amount of economic growth in this region during the last ten years, with Benton and Hickory Counties leading the region. The population growth since 1990 in the West Central Region was 8.6%, compared to 6.7% for the state. The poverty rate for this area is 13.6%. This compares with 12.4% for the state as a whole. The unemployment rate during 1999 for the West Central Region was 3.5%, nearly equivalent to the state's rate of 3.4%. The growth in personal income and per capita income in the West Central Region over the past decade was similar to the growth of the state as a whole. However, per capita income in the region was only \$19,052 during 1998, compared to \$25,150 for the state.

VIII. About Research and Planning

Research and Planning (RAP) possesses a vast array of capabilities. Through a combination of improved tools and talent, the level of sophistication and the competence in the analysis of information that can be done by RAP is extensive. In addition, the unit has coupled value-added analysis with incredible speed in delivering the information and great flair for packaging the product. RAP's approach to research combines the analytic sophistication of a university research center with the speed and marketing mindset of a public information office. RAP has been extremely successful in developing this new and innovative approach to state agency level research. RAP's four major research efforts are currently: ESAs, LRS, TM2, and GIS.



Since August 2000, the Research and Planning (RAP) unit has put in place a system that enables one to view the consequences of many different economic development scenarios at the local, regional, and state levels. We call it our Local-Regional-State (LRS) Economic Impact System.

The LRS system is designed with the flexibility to answer a broad range of economic development questions, and to assess both immediate and long-term changes in the economy. For example, it can evaluate the impact of a plant closing in a community, or, hopefully, the expansion of existing businesses or location of new ones to an area. It can also predict which industries will have the greatest economic impact in a region in the future, and how these might affect existing businesses and local tax revenues.

The LRS system is far more powerful than other economic modeling systems because it is built using Missouri-specific information, considers both state and sub-state economic impacts, and incorporates hundreds of policy and economic variables to forecast changes up to 35 years into the future. The new LRS system will be a valuable tool for future economic development planning, providing the most sophisticated economic analysis available in the state.

Since August of 2000, Research and Planning (RAP) has been conducting comprehensive analyses of key economic sectors within Missouri's economy. Economic Sector Analyses (ESAs) assist state and local officials in determining the economic importance of a particular industry at the county-level. ESAs are used to: (1) identify which counties have a large concentration of employment and wages in a particular industry; (2) identify which counties have a competitive advantage in a particular industry; (3) identify where firms are located in a particular industry; (4) assess statewide employment and wage impacts of a particular industry in the current year; and (5) forecast statewide employment, wage and tax revenue impacts of a particular industry over 10 years. Further, ESAs also include case studies of Missouri communities that have been particularly successful at recruiting and retaining firms in a given industry.

ESAs use detailed sector data (ES-202) to determine employment and wages in a particular industry at the county-level. This flexibility allows RAP to create unique and customized aggregate economic sectors. To date, RAP has completed ESAs on four main economic sectors: manufacturing (including top-cycle, bottom-cycle, resource-based and high-tech manufacturing), retail trade, information technology (including software and telecommunications), and health science biotechnology. Future ESAs will examine aerospace, high technology manufacturing, higher education, environmental services, management services, and transportation.



Target Missouri II

Target Missouri originally began in 1998, when Midwest Research Institute tried to identify which industries generate the greatest economic return for the state. The idea then being for the department to give funds to those firms that could offer the biggest return on investment. The specific industries identified for targeting by MRI included Advanced Manufacturing, Agribusiness, Biotechnology, Financial Services, Information and Media, Tourism, and Transportation Services.

Target Missouri 2 (TM2) is a RAP-inspired initiative to both revive and revamp the idea of targeting incentives. TM2 operates with an entirely different approach than the MRI study. In particular, it takes account of sub-economies within the state, testing the hypothesis that *different industries affect different regions differently*. RAP plans to evaluate the current industry mix within a region; identify which industries generate the greatest economic impact; look at site selection criteria; gauge a region's capacity to attract certain industries; and assist them in developing short-term and longer-term economic development strategies.

Ultimately, TM2 will provide assistance to both local, regional, and state economic developers. Local and regional officials will have a better idea of which industries are most practical to attempt to attract to their area, while state officials will not only know which industries to attract, but where to locate them to provide the most benefit to Missouri.

GEOGRAPHIC INFORMATION SYSTEMS



GIS technology provides a means of integrating information in ways that help us to understand and address many of the most pressing problems we face today – urban sprawl, deforestation, overpopulation, and economic diversity, to name a few. GIS helps us to organize and manage information of any kind according to where it's located. It is the power of the GIS system that allows RAP to analyze data from ESAs, LRS, and TM2 within appropriate spatial contexts.

Almost every decision we make is constrained, influenced, or dictated by some fact of geography. Better information makes for better decisions, and the reputation of the GIS group within RAP has been built on contributing our technical knowledge, trained staff, and valuable experience to the analysis and communication of geographic information.

Of course, the value of geographic information and the power of GIS applications to solve problems are proportional to their accessibility. As we move toward providing geographic information via the department's web site, we will be delivering interactive content that users can manipulate. Our customers will be able to generate maps "on the fly" according to their specific criteria thus improving the decision making process for all of us. This means that our department is right at the cutting edge of GIS advances.

We invite you to learn more about RAP and Missouri's economy by visiting our website: <http://www.ecodev.state.mo.us/research/>.